



Fact Check Team: Several states sitting on billion-dollar budget surpluses

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WASHINGTON (TND) — Many states are currently sitting on billion-dollar budget surpluses thanks to COVID funding and the Fact Check Team is digging into how Americans' tax dollars are being spent.

Reports from across the U.S. found that all 50 states ran a budget surplus in the millions of dollars. Depending on the size of a state's budget that might not be very much but in at least 29 of those states, the surplus was actually more than \$1 billion.

The total for those 29 states is more than \$173.9 billion in additional funds.

In many cases, the surplus is from state tax revenue that went far beyond projections. That, coupled with the American Rescue Plan's \$195 billion in federal funding, led to covering and passing budget expectations.

Oregon is the only state that's automatically going to return some of that surplus back to the taxpayer if it's big enough. The rest will have to balance their budgets and get them passed by the state government.

Balanced budget requirements are rules that prohibit states from spending more than they collect in revenue. Most states mandate balanced budgets.

According to the National Association of State Budget Officers, all states but Vermont require a balanced budget. Washington, D.C. also requires a balanced operating budget.

But each state doesn't have the same exact rules, according to the Tax Foundation, meaning there are many variations.

According to local reports, several states want to give money back to residents. In Oregon, many taxpayers will receive a surplus tax credit. Some people could get as much as \$850.

The governors of Georgia and Kansas want to give tax refunds anywhere from \$250-\$500.

In Minnesota, the governor wants to give eligible households up to \$350 direct payments and some frontline workers \$1,500.

The governor in Wisconsin wants to give every resident \$150.

Idaho state lawmakers approved a tax cut of either \$75 to each resident or a rebate equal to 12% of their 2022 state income tax bill.

In Maryland, the governor plans to use some of that money for tax relief for seniors.

But California is one example of a state spending outside of those tax benefits, with the governor shifting as much as \$7.5 billion of the state's \$31 billion in surplus to the environment.

They aren't the exception on where the surplus came from either, with a big part from the American Rescue Plan. They say the "key reason" is they use "\$8.9 billion in American Rescue Plan fiscal relief funds to offset general fund revenue losses."

But new spending lines up with what Jeffrey Miron, an economics department director at Harvard and part of the Cato Institute, expected.

"Red states are probably going to cut taxes because that's what tends to appeal to voters in red states. Blue states are going to add on to various spending programs," Miron said.

The decision is going to be a tough one for leaders, with some of these states seeing a surplus for the first time in over a decade.